

## Message Text

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PAGE 01 ISLAMA 09172 030911Z

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ACTION NEA-10

INFO OCT-01 ISO-00 L-03 H-02 SP-02 CIAE-00 INR-07 NSAE-00

EB-07 COME-00 TRSE-00 OMB-01 FEA-01 /034 W

----- 108572

R 021116Z OCT 75

FM AMEMBASSY ISLAMABAD

TO SECSTATE WASHDC 2274

INFO AMCONSUL KARACHI

AMCONSUL LAHORE

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E.O. 11652: N/A

TAGS: EAID, ENRG, EINV, PK

SUBJECT: ESSO AND MARI FIELD

SUMMARY. GOP DECIDED OCTOBER 1 TO NEGOTIATE WITH ESSO ON THE BASIS OF EARLIER ESSO PACKAGE PROPOSAL LINKING SALES OF ESSO MARKETING AND REFINERY ASSETS TO DEVELOPMENT OF MARI GAS FIELD. ESSO SAYS NEGOTIATIONS MIGHT BE CONCLUDED BY END OF THIS YEAR. ESSO'S MAIN CONCERN IN UPCOMING NEGOTIATIONS IS LIKELY GOP EFFORT TO GAIN MAJORITY SHARE IN MARI VENTURE. ESSO EXPRESSED GREAT APPRECIATION FOR EMB SUPPORT. END SUMMARY.

2. ESSO EASTERN GENERAL MANAGER ROSE AND ISLAMABAD RESREP MIRZA CALLED ON EMB TODAY TO REPORT THAT ECONOMIC COORDINATING COMMITTEE (ECC) HAD MET OCTOBER 1 AND DECIDED IN PRINCIPLE TO NEGOTIATE WITH ESSO ON THE BASIS OF ESSO'S ORIGINAL PACKAGE PROPOSAL LINKING THE SALE OF ESSO'S MARKETING AND REFINERY ASSETS TO DEVELOPMENT OF MARI GAS FIELD.

2. THIS DECISION WAS CONVEYED ORALLY TO ROSE AND MIRZA TODAY BY FUELS MINISTER KHATTAK AND FUELS SECRETARY BEG IN MEETING IN ISLAMABAD. KHATTAK ASKED THAT NEGOTIATIONS COMMENCE IN ISLAMABAD BEGINNING SECOND WEEK IN OCTOBER.

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PAGE 02 ISLAMA 09172 030911Z

NOTHING WAS GIVEN ESSO IN WRITING, BUT ROSE AND MIRZA

BOTH SEEMED TO FEEL THAT THIS CONVERSATION CONVEYED A GENUINE GOP DECISION TO NEGOTIATE AS EXPEDITIOUSLY AS POSSIBLE. THEY WERE HIGHLY PLEASED BY THIS DEVELOPMENT.

3. ROSE ESTIMATED THAT IF NO MAJORSNAGS DEVELOP IN THE NEGOTIATIONS THEY MIGHT BE COMPLETED BY THE END OF THIS YEAR. FUELS SECRETARY H.U. BEG THOUGHT THEY COULD BE OVER BY THE END OF OCTOBER BUT ROSE WAS SURE THIS IS UNREALISTIC. THE ONLY POTENTIALLY DIFFICULT PROBLEM WHICH ROSE ANTICIPATED HAS TO DO WITH THE PERCENTAGE OF OWNERSHIP WHICH THE GOP MIGHT SEEK TO ACQUIRE. THE PACKAGE AS ORIGINALLY PRESENTED BY ESSO WOULD HAVE RESTRUCTURED THE OWNERSHIP OF THE MARI FIELD SO AS TO GIVE ESSO 51 PERCENT AND THE GOP 49 PERCENT. HE SENSED THAT THE GOP MIGHT WISH TO HOLD OUT FOR A MAJORITY SHARE. THIS, HE FELT, COULD CAUSE PROBLEMS WITH ESSO EASTERN HEADQUARTERS, BECAUSE THE GOP COULD THEN BE IN A POSITION TO DICTATE INVESTMENT DECISIONS TO ESSO, THE OPERATOR OF THE FIELD.

4. ROSE MENTIONED THAT MINISTER KHATTAK SUGGESTED THAT ESSO EASTERN PRESIDENT O'LOUGHLIN NEED NOT COME OUT TO PAKISTAN NOW THAT THE ECC HAD REACHED THIS DECISION. ACCORDINGLY, ROSE SAID THAT MR. O'LOUGHLIN WILL BE WRITING TO THE PRIME MINISTER TO THANK HIM FOR HIS ATTENTION AND TO SAY THAT HE NO LONGER BELIEVES A TRIP OUT HERE AT THIS TIME NECESSARY.

5. MIRZA AND ROSE EXPRESSED GREAT APPRECIATION FOR THE EMBASSY'S SUPPORT AND PARTICULARLY FOR THE AMBASSADOR'S HELP IN DISCUSSING THEIR PROBLEM WITH THE PRIME MINISTER. HE SAID THAT HE THOUGHT THINGS WERE WELL IN HAND NOW, BUT THAT IF FURTHER PROBLEMS DEVELOPED, HE MIGHT NEED TO ASK FOR EMB HELP AGAIN IN THE FUTURE.  
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## Message Attributes

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**Capture Date:** 01 JAN 1994  
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**To:** STATE  
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